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COUNTERFEIT LUXURY CONSUMPTION IN THE UNITED ARAB EMIRATES

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Abstract

This research examines how Geert Hofstede's indulgence versus restraint (IVR) cultural dimension on an individual level could influence the attitudes towards the use of counterfeit luxury goods. Given the booming and lucrative luxury industry in the United Arab Emirates (UAE), it was chosen as a context to study the relationship between indulgence versus restraint and attitude towards counterfeit consumption. The author hypothesized that indulgence versus restraint might be related to how important social judgment is to an individual, which in turns influence his/her attitude towards counterfeit products. Results showed that, counter-intuitively, a higher level of indulgence is linked with higher perceived importance of social judgment, which is then linked to more positive attitudes towards counterfeit products. Indulgence versus restraint however is not directly related to attitudes towards counterfeit products. Managerial implications and suggestions for future research are discussed.

Keywords: counterfeit consumption, luxury goods, cultural dimensions

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1.0 The Problem and its Background

1.1 Introduction

As emerging economies continue to develop, the demand for luxury commodities has increased. This entails the expansion of the global market for luxury goods. As luxurious brands and designer labels become highly desired and covetable, the range of these goods has been subject to infringement. Counterfeiting is the illegal production of goods which not only bear resemblance to the genuine products but the illicit copying of the items which are made of materials with lower quality. The most widespread or common form of counterfeiting is the production and distribution of Counterfeit Luxury Products which involves items that are copied from well-known luxuriously branded and premium-priced products which are then sold for low prices (Phau et al, 2009; Wilcox et al., 2009). This form of counterfeiting typically includes fashion clothes, bags, small leather goods or accessories, watches and jewelry (Grossman and Shapiro, 1988a; Phau et al., 2009). The soaring rate of counterfeit luxury is the result of supply and demand factors. For instance, counterfeiters only reproduce copies of well-known brand names which are worth replicating (Eisend and Shuchert-Guler, 2007) to which avid consumers positively respond to.

Over the years, counterfeiters are reaping benefits off of the most desirable and iconic luxury brands. The popularity of branded products is advantageous to imitators. The growing market for luxury continues to rise which is followed by the increase in the market of counterfeiters and their consumers – knowing or unknowing. Based on Statista's 2019 data on the industries most affected by fake luxury produce, industries such as footwear, clothing, leather goods, watches and jewelry, among many others, are the most negatively impacted by counterfeiters. Mainland China has been identified as the largest counterfeit producer according to a 2013 report from the Organization for Economic Co-operation and Development

(OECD). Faking signature goods has been a significant and impactful phenomenon (Brian & Moutinho, 2009) and according to the Anti-counterfeiting Group (ACG) report of 2003, it is dubbed as the “crime of the 21st century”.

The magnitude of today’s counterfeiting continues to be a global problem. Despite efforts to combat counterfeit trade, the black market still finds ways to reach its growing number of patrons. Imitation manufacturers and sellers are making use of social media platforms like Instagram, which is now a hotbed for fake luxury goods, to expand their reach. A 2016 research from Ghost Data revealed that Instagram allows fake goods sellers to operate in the open as opposed to selling clandestinely in hidden areas of markets. As mentioned previously, counterfeiters are riding on the popularity of well-known brands hence the top brands which counterfeiters exploit online are: Louis Vuitton, Chanel, Gucci, Nike, Fendi and Balenciaga whereas the five most mentioned (hash tagged / tagged) brands are LV, Chanel, Gucci, Balenciaga and Dior (Stroppa et al, 2019).

Product counterfeiting is a form of consumer fraud specifically to unknowing and unsuspecting buyers. To make matters worse, the increasing number of willing and knowing buyers – who are fully aware that what they are purchasing are not genuine items, continue to contribute to \$600 billion global counterfeit market. The International Chamber of Commerce declared a loss of as much as \$12 billion yearly due to counterfeit production and distribution. Based on a report by the OECD (2016), the countries most affected by counterfeiting in 2016 are the United States, France, Italy, Switzerland and Germany, respectively. Currently, counterfeit trade constitutes 3.3% of the global trade – of which 10% accounts for luxury knockoffs (OECD, European Union Intellectual Property Office, 2016).

Given these data, the rampancy and increasing rate of illicit counterfeit trading continue to alarm and hurt luxury brand owners. Fake luxury goods harm the brands’ image, prestige and gravely affects their value thereby affecting sales. Although numerous campaigns have

been launched against these trade violators, a growing number of willing consumers continue to purchase knockoff luxury items worldwide. Why non-deceptive consumption continues to grow is a phenomenon worth looking into.

From the supply side, to make sense of such phenomenon, academics have examined sources of counterfeits and assessed political, legal and economic infrastructure factors that may have enabled such practice (Berrell & Wrathall, 2007; Lambkin & Tyndall, 2009). Over the recent years, marketing researchers have studied the demand side of counterfeiting. They've investigated and looked into consumer characteristics which help explain why buyers can be urged or are led to purchase fake versions of branded goods. Findings point out to ethical orientations and price-quality associations which are frequently included as determinants of a consumer's tendency or likelihood to buy or avoid counterfeit brands (e.g. Chaudhry and Stumpf, 2011; Norum and Cuno, 2011). Some studies have taken cultural values, namely collectivism, into consideration (e.g., Chaudhry and Stumpf, 2011; Phau and Teah, 2009).

From the demand perspective, it remains unclear why certain groups of people value counterfeit goods despite government regulations and external mechanisms to prevent people from consuming counterfeit products. One such culture is observed among the Emiratis who despite being known to have affluence enough to be able to purchase genuine luxury branded items still purchase counterfeits. UAE consumers are found to be "image driven, fashion-wise, playful and unrelenting in pursuit of the best" (Furey, 2007, p. 89). Given that the UAE citizens are collectivists in nature, cultural influences fortify the concept of the importance of self-image not for the purpose of pleasing oneself but to get a societal approval (Chamaret et al.).

To empirically analyze cultural influences, this study will make use of Hofstede's (1980) cultural dimensions, specifically indulgence versus restraint (henceforth IVR), to explain how that dimension is related to counterfeit consumption among non-deceptive consumers. Hofstede's dimensional model of national culture has been found to relate to

consumer behavior and is used widely in global advertising, among other fields. Dimensions focusing on the concepts of self, personality, and identity explain different branding strategies and communications that advertisers employ to sell their products. Global advertising in recent years has seen the need to study culture as part of its strategy. The question whether to standardize advertising for efficiency or to adapt advertising to local consumer behavior and motives for effectiveness has guided the direction in the business of advertising (de Mooij & Hofstede, 2010). Advertisements nowadays employ local color through language use and cultural practices and norms, among others, in sending the message about or around the product, and these developments clearly demonstrate the inclusion of culture and its relation to consumer behavior in advertising.

It will also explore social judgement as a factor influencing consumer behavior. According to Vigneron and Johnson (1999), people's desire to possess prestige brands may serve as a symbolic marker of group membership. This membership then invokes a certain image which, if one belongs to a collectivistic society, anticipates social judgement. Research has originally demonstrated that people tended to conform with the majority opinion of their membership groups when forming attitudes (Festinger 1954). This means that a person may use a luxury brand or its equivalent in counterfeit during the week, to conform with their professional position, and use a modest brand during the weekend, to match social standards of his or her neighborhood.

This research is geared towards gaining a better understanding of how norms and the effect of social judgement in the UAE, with special focus on the Emiratis, induce willingness to buy and use fake luxury items. This study's framework focuses on the consumption of luxury counterfeit products since high-end labels or brands are among the many industries highly affected by illegal and clandestine copying (Lambkin & Tyndall, 2009).

1.2 Literature Review

Counterfeiting is synonymous to infringement and unfair competition. Most countries signatory to the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement (WTO) agree that counterfeiting has significant effect in the manufacturing and creative industries. Industrial sectors across the world have issues with counterfeiting and its growing trade in the underground economies. The growing global concern of widespread wholesale of counterfeits have greatly affected economies and their respective industries suffer immensely from the impact of such shadow trading of counterfeit products. Over 200 Billion US dollars of counterfeit products were seized by various customs each year, according to OECD (2008). Imagine the unreported custom seizures of these contrabands or those that go through customs undetected across borders have cost government's revenue stream which amounts to hundreds and hundreds of billions of dollars.

According to Réthi (2012), culture and cultural dimension have been correlated to tax evasion. While this paper seeks to understand culture and cultural dimension to counterfeit patronage, it is worth noting that counterfeit trading has financial effects to government efforts in raising revenue and likewise, its impact to formal economies that produces authentic luxury goods. Réthi used all Hofstede's six dimensions to correlate tax evasion in 57 countries. The outcome of his research point to "Hofstede cultural dimensions appear relevant" and has found "no significant weakening of the corrections over time." Following his lead, this paper seeks to understand the correlation of Hofstede's sixth dimension, the Indulgence versus Restraint, to counterfeit patronage and whether this cultural dimension affects such decision. On the onset, it must be said that the sixth dimension is the newest amongst Hofstede's cultural dimension, hence, it is a challenge to search for available data with this regard. While this limitation exists, it is vital in the understanding and correlating to other variables in the study.

Fernandes (2012) discloses that the demand for counterfeit products in the United Arab Emirates (UAE) has increased, and that the UAE government has set measures in order to curb this demand from the perspective of supply. In an original attempt to document the motivation for the increasing demand for counterfeit fashion products among multi-ethnic young adults in the UAE, Fernandes seeks to identify factors that motivate young business students in Dubai to buy counterfeit fashion products. Ajzen's Theory of Planned Behavior (TPB) demonstrates the high correlation between attitude and intention that predicts behavior. Other than attitude, the individual's subjective norm and self-identify also influence purchase behavior. Using Ajzen's TPB and other relevant variables in the literature in a survey questionnaire, results from 172 survey questionnaires reveal that among the major reasons influencing counterfeit demand among multi-ethnic young adults are lack of ethical judgement, self-ambiguity, value consciousness, and susceptibility to the public opinion.

Following Fernandes' study, public opinion has been studied to have some weight on consumer behavior. Some research has shown the relationship of social norms (subjective) and judgement with consumer purchasing behavior (Kalafatis et al.m 1999; Chou, 1998). Referencing Azjen (1991), it has been explained that normative belief – which are individuals' beliefs about the extent to which other people who are important to the individual think they should or should not perform particular behavior (Oregon State 2014) – relates to the condition that individual or reference group was essential and deemed important and may or may not coincide with behavioral implementation.

1.3 Research question

The present study seeks to determine if there is a relationship or link between Hofstede's 6th cultural dimension (Indulgence Vs Restraint) and the Emirati's attitude towards

counterfeit luxury consumption while taking into consideration Social Judgement based on norms present in the UAE society.

Specifically, it aims to answer the following questions:

1. Are Emiratis who are more indulgent or restrained inclined towards purchasing fake goods?
2. Does social judgement positively or negatively impact counterfeit consumption?

1.4 Conceptual Framework

1.4.1 Hofstede's dimensions of culture

Culture has a significant impact on an individual's decision-making processes and behaviors. Quoting the words of Engel, Blackwell, and Miniard (1990), they defined culture as "the set of values, ideas, artefacts and other meaningful symbols that help individuals to communicate, interpret and evaluate as members of society." Culture has been an increasingly studied factor, as researchers are finding that consumers from different countries and cultures hold different beliefs and norms which could impact counterfeit consumption behaviors (Singhapakdi, Rawwas, Marta & Ahmed, 1999; Kwong, et al. 2009). These findings reinforce the notion that cultural factors play an important role in counterfeit consumption.

1.4.1 Hofstede's dimensions of culture

The cultural dimensions represent independent preferences for one state of affairs over another in such a way that it focuses on the whole (the country per se) instead of looking at angles from a more concentrated or individual level. The following dimensions of culture stated in the subsequent paragraph are postulated to have an effect on counterfeit consumption. Inherently, using national culture to predict individual level behavior can be problematic hence the researcher aims to pursue recommendations to view and study cultural values at the individual level (e.g., Bearden et al. 2006; Oyserman, et al. 2002).

I. Power Distance Index (PDI)

PDI defines the degree to which the less powerful members of certain organizations or a society accept that power is distributed unequally. Research has suggested that cultures and societies with high power distance emphasize and value position, reputation and image and, in the authors words, are “under strong social pressure to meet the expectations of others” (Hofstede, 2001). At the individual level, power distance is conceptualized as two related dimensions, one of which, “inequality”, represents the degree of inequality among people in a society (Sharma, 2010). In this aspect, consumers are well aware of the different social statuses thereby their purchasing behavior and choices are predicted to coincide with the status or level in society they wish to belong to. The goal of achieving a certain social standing suggests that buying fakes is a way to do so.

II. Individualism versus Collectivism (IVC)

This dimension differentiates between individualism and collectivism. The core aspect of collectivism is the assumption that various in-group memberships place

constraints on individual behaviors, while individualism assumes that individuals act largely independent of consideration of others (Oyserman, et al., 2002). Collectivism has been forwarded in prior research as a determinant of consumer attitudes toward counterfeits. As Hofstede (1991) suggests, Arab societies are highly collectivists (Dirani, 2008). A very common trait of individuals within these cultures is the concern to acquire the approval of their group; failing to do so incites feelings of embarrassment and distress (Hui & Triandis, 1986). Chaudhry and Stumpf (2011) found a positive relationship between collectivism and consumer complicity with counterfeit purchases which reinforces the premise that collectivists are prone to buy fakes compared to individualists.

III. Gender Orientation

Gender orientation, the third of the six dimensions, pertains to masculinity and femininity. Previous studies have related masculinity to hedonic shopping, symbolic consumption, and the purchase of expensive luxury goods (e.g., Steenkamp, et al. 1999). Considering the emphasis on materialism and conspicuous consumption, it could be expected that consumers would trade off the authenticity of genuine luxury brands for the symbolic value represented by counterfeit versions of those brands.

IV. Risk-Aversion

Risk Aversion, in the author's phrasing is the "individual-level conceptualization of Hofstede's Uncertainty Avoidance" (Sharma, 2010). This means that cultures are dependent and reliant on the enforcement of established rules, laws and regulations. Compliance and existing order enables a feeling of security, safety and reassurance to people who belong in cultures with high uncertainty avoidance. This would entail that high-risk aversion would likely prevent individuals from engaging in counterfeit purchases due to

the illegality of the transaction. Low risk aversion is more likely to result in individuals challenging the status quo with new ideas and behaviors and will be less deterred by the illegality of purchasing counterfeits.

V. Long-Term Orientation (LTO)

This dimension describes how every society has to maintain some links with its own past while dealing with the challenges of the present and future. Whereas cultures or societies prioritize these two, using the authors exact terminology, “existential goals” differently. At the individual level, in the author’s phrasing, time-orientation is conceptualized as two related dimensions: “Tradition” and “Prudence” (Sharma, 2010). Tradition is proposed to be related to hard work, morality, and non-materialism, all of which would suggest a negative attitude towards counterfeit purchases. Prudence would be expected to correlate with either avoiding the expense of expensive luxury brands altogether and/or saving until one is able to afford the authentic brand which would provide benefits over a longer time horizon (Durham K., Nevins-Henson J., 2016).

VI. Indulgence versus Restraint (IVR)

The sixth of Hofstede’s dimensions, which identifies indulgence as the tendency to allow free gratification of desires, enjoying life and having fun. This is opposed to restraint which believes in the conviction that such gratification needs to be “controlled and regulated” by strict norms (Hofstede et al., 2010, p. 281). This dimension attempts to explain whether a certain culture or society allows gratification or suppresses it by means of strict social norms. The *indulgence* cultural dimension explains the extent to which individuals try to control their desires and impulses based on the way they were raised. Societies which have weaker controls over their desires are considered the indulgent countries, and they tend to allow free

gratification of basic and natural human desires related to enjoying life and having fun (Hofstede, 2010). In contrast to indulgent societies, restrained societies do not put much emphasis on leisure time and control the gratification of their desires. People with this orientation have the perception that their actions are restrained by social norms and feel that indulging themselves is somewhat wrong.

Quoting another author on the sixth dimension: “Restraint reflects a conviction that basic and natural desires and enjoyment in life needs to be curbed and regulated by strict social norms — the opposite pole, Indulgence, stands for a tendency to allow, relatively free, such gratification - Minkov, 2007”. Restraint-Indulgence, as a bipolar dimension, resembles, to some extent, to the construct that Triandis (2002) termed as “tightness – looseness”. In loose societies, deviant behavior is easily tolerated, and individuals feel free to act and have fewer rules, norms or regulations to respect; in tight societies (with high levels of restraint), following the more rules and norms is a “must”, and people would be punished for ignoring them. There are few alternatives for each norm and regulation in a tight culture. Restraint was selected to be focused in the present research. Following the explanations given above, restraint was interpreted as the focus of an individual on self-discipline and control of desires and pleasures when making decisions. The single interested domain in studying this dimension here is the importance of self-control in life, personal desires and pleasures.

Hofstede mentioned that the indulgence versus restraint dimension solves the paradox of happiness and wealth. Quoting the author, it declares “why the poor Filipinas are happier than the rich citizens of Hong Kong” (Hofstede et al., 2010, p. 286). A positive outlook backed by positive emotions and happiness are found to be positively correlated with indulgence. Although there is a positive relationship between wealth and indulgence, the literature mentions that it is not strong. Thereby, an assumption can be made that if the indulgence rate or level of a poor nation scaled higher than a rich country then it would be possible or even

preferable to settle in a poor country and enjoy having positive attitudes and be happier and more satisfied in living life as opposed to staying in a rich country (Hofstede et al., 2010).

1.4.2. Counterfeit as a Social Norm and how Social Judgement factors in

According to Lai and Zaichkowsky (1999) counterfeits are defined as goods which are produced clandestinely that resemble genuine items yet are composed of materials with inferior quality - particularly in terms of reliability, performance or durability. Brian and Moutinho (2009) define counterfeits as products bearing a trademark that is identical to a trademark registered to another party. Counterfeits cannot exist without high brand value products, because the product attributes are copied from the original product, carrying only a few distinctive features (Eisend and Schuchert-Guler, 2006). On a simplistic level, the prevalence and continuous rise of luxury counterfeit goods can be deduced by the basic concept of demand and supply. The astounding increase in counterfeit purchasing is due to the fact that more people buy them.

Literature suggests that there are a variety of reasons for purchasing a counterfeit product. Perez, Castano, and Quintanilla (2006) argues that counterfeit products might be purchased to project a desired image. Following this line of thought, the purchase of a counterfeit product may represent the consumption of a brand rather than the consumption of a product and that consumers are willing to compromise on the quality of the product for the opportunity to be seen with the right brand name (Gentry et al., 2001).

1.4.2A Social judgement

Along with restraint or indulgence, social judgement is found to influence evaluative attitudes especially when it comes to purchasing goods (Oskamp, 1991). Theoretically,

individual behavior is influenced by external or environmental aspects that molded and shaped individual behavior directly or indirectly (Santrock, 2005). It is in accordance with Lewin's (2005) concept that behavior is, as the author put it, "formulated by environment and organism interaction". This attempts to make sense of the probability to behave and conducts one's self accordingly. Is the environmental factor is stronger then subjective norm is apparent.

Referencing a study by Budiman and Wijaya (2014) collectivist societies take into consideration social judgement as part of their social survival. They stressed that collective cultures tend to pay attention to group needs or norms thereby the group demand is, as emphasized by the authors, "crystallized" in individual decision making.

1.4.2B Social Norms

Social norms are what a particular group of people who believe certain patterns of behavior to be normal, that is, perceived to be typical behaviors, appropriate and acceptable actions, or both. Societal norms bring about expectations that arise from the individual's surroundings and can be viewed as social pressures. The greater these perceived pressures to perform a behavior, the more likely it is that people will engage in that behavior (Ajzen, 2002).

1.5 Significance

This research aims to contribute to research on attitudes towards counterfeit luxury products. Specifically, while previous research has examined the influence of cultural dimension such as collectivism versus individualism on how people perceive counterfeit products, there is no empirical evidence on the role of indulgence versus restraint dimension in this topic. From a practical perspective, this study is of significance to managers and

companies to help curb the decision of buyers to consider counterfeit products. Being aware of buyer behavior and what are considered norms in a certain culture can help companies gain a better understanding of the more focused needs of consumers.

2.0 Methodology

This study makes use of a quantitative exploratory strategy that aims to fulfill these main objectives: to affirm the presence of counterfeit luxury consumption among Emiratis, to determine whether Emiratis are in fact restrained or indulgent, and, if applicable, to identify the extent to which social judgment is an important aspect that Emiratis associate with such consumption.

2.1. Sample

A total of 108 Emirati respondents (39.8% of which are female) participated in the survey questionnaire. The respondents chosen belong to the 18 above age bracket. The respondents who were chosen to answer the survey were approved to have understood the medium of instruction, which is English, that was used in the questionnaire.

2.1 Data Collection

For this study, a questionnaire was distributed electronically through the NOVA Qualtrics survey platform. The electronic survey questionnaire was divided in 4 major parts to assess four variables.

Indulgence VS Restraint: this variable is measured with 18 items, which is derived from the definition of this dimension. Sample items include: “It is important for me to have a good time”, “I have a great deal of freedom in my life”, “I am happy in life”. Among these items,

some tapped on indulgence, while others tapped on constraint. Items measuring constraint will then be reverse-coded and an average “indulgence” score will be obtained. Thus, a higher score indicates a greater orientation towards indulgence.

Importance of social judgment: This variable contains 8 items that will measure how the respondents value what society thinks of them or others (in one particular item when a scenario was posed: “if a woman is not married by the age of 30, she is deemed undesirable”).

Counterfeit as a norm: as whether counterfeit use is seen as a norm in a certain society might have an influence on individuals’ attitudes towards counterfeit products, I measured this variable with 3 items. A sample items include: “In my community, we can openly talk about buying / using fake luxury products”, “Owning fake items is frowned upon in my community) (reverse-coded).

Attitude towards counterfeits: this variable is measured with 5 items. Participants were asked to indicate to what extent counterfeit products are good/bad, positive/negative, desirable/undesirable, like/dislike, favorable/unfavorable.

At the end, participants indicated their income, age, gender, status, and location (i.e. which of the seven Emirates do you belong to). The survey can be accessed with a smartphone or a computer that has the link.

2.2 An overview of data analyses

Data analyses were conducted using SPSS software. Several analyses were employed. First, I conducted reliability tests for the scales included. Reliability analysis enables this study to assess the properties of measurement scales and the items that the scales are composed of.

The Reliability Analysis procedure calculates a number of commonly used measures of scale reliability and also provides information about the relationships between individual items in the scale. Second, a correlational analysis was carried out to test the relationship between variables of interest (i.e. indulgence vs. constraint, perceived importance of social judgment, attitudes towards counterfeit products, and counterfeit use as a social norm). Third, to test whether indulgence versus restraint influences attitudes towards counterfeit products through the perceived importance of social judgment, a mediation analysis was conducted using Hayes' Process (Hayes, 2012) model 4.

2.3 Data Analysis

2.3.1. Reliability analyses

In order to verify the validity of our findings, a reliability test was conducted. A reliability analysis tests whether a scale consistently reflect the construct it is measuring. In the case of this research, the researcher made use of Cronbach's alpha, α (or *coefficient alpha*), developed by Lee Cronbach in 1951, to measure reliability or internal consistency.

Indulgence Vs Restraint scale:

The Cronbach's alpha of this scale is 0.65 which is still acceptable but is considered low. This limitation will be discussed later on in the limitation section. Although the CA could be higher by deleting items with really low negative correlation, they are still relevant to the construct without undermining the validity. The negative correlation might be due to the small sample size.

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Having friends is important for me	82,82	85,102	,451	,620
It is important for me to have a good time	82,61	87,950	,310	,634
I have a great deal of freedom in my life	83,14	84,610	,403	,622
I have a great deal of control over the way my life turns out	83,43	81,821	,540	,607
I am happy in life	82,82	84,714	,462	,619
I am happy with my life as a whole	82,73	85,597	,490	,620
I am optimistic about the future	82,81	86,137	,448	,623
I can freely decide on whom to marry.	83,09	82,332	,463	,613
Leisure time (time to enjoy after work, going out with friends, vacations etc) is important to me.	82,69	84,875	,473	,619
I live my life on my own terms regardless of what society dictates.	83,83	76,921	,524	,597
When we go on vacations, my first priority is to go shopping.	85,18	92,190	-,005	,679
I love making friends with people from different backgrounds (foreigners).	83,38	86,472	,259	,638
Even if my salary is just enough for my basic needs, I find it important to enjoy a luxurious life...	84,07	82,063	,330	,627
My choice of person to marry depends on what my family or the people in my community think or say.	84,62	86,550	,158	,655
Saving money for the future is more important than temporary pleasures.	86,06	95,511	-,089	,685
I make sure that my closest friends are from the same cultural background.	85,24	89,233	,074	,668
Traditions in my family are very important therefore I must follow what we are accustomed to regardless of...	85,53	87,533	,161	,652
I believe that people should be more disciplined especially in terms of behaving in public.	86,84	102,313	-,331	,700

Figure 1. *Indulgence Vs Restraint Scale*

Social Judgement scale

The CA of this scale is 0.736 which is acceptable. The correlation of the item that mentions “*If a woman is not married by the age of 30, she is deemed / perceived as undesirable*” is low however it has been retained since it still shows some correlation. Deleting

the item from the scale may result in a lower CA thereby it only makes sense to keep the said item to maintain an acceptable CA value.

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
How i present myself to others is important to me.	30,54	55,017	,367	,721
I care about my reputation in my social circles.	30,22	54,343	,455	,704
Creating a good impression is important to me.	29,98	56,448	,477	,705
I feel more confident when I get praises from friends, family or my community.	30,56	54,304	,521	,695
I believe that my social status is reflected by what i own (ex: the clothes or watch I wear, the...	32,14	47,766	,587	,673
I am worried about what others think of me if they know i use fake brands.	32,06	50,753	,423	,713
If a woman is not married by the age of 30, she is deemed / perceived as undesirable.	33,46	57,410	,286	,735
Driving a <u>second hand</u> Toyota Camry 2010 is embarrassing because people will think I am cheap or le...	32,64	53,784	,375	,721

Figure 2. Importance of Social Judgement Scale

Social Norm scale:

The CA of this scale is only 0.398 which means that it is below the acceptable threshold for reliability. The lower number of items (3) might have caused a poor correlation as well. For the purpose of this thesis, I decided to maintain this scale. However, I acknowledge this measure as one of the limitations of the thesis, which will be discussed in more details later.

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
In my community, we can openly talk about buying / using fake luxury products.	7,59	8,075	,222	,330
It is common for my family or friends to buy counterfeit products during travels / vacations.	8,02	7,532	,261	,254
Owning fake items is frowned upon in my community.	7,39	8,240	,222	,330

Figure 3. Counterfeit consumption as a Social Norm Scale

Attitude towards Counterfeit Products scale:

The 4th scale's CA is 0.940 which is a value high enough to say that the scale is reliable. It can therefore be used for practical applications because the threshold for an excellent CA is 0.90. Based on the table, all the items show a higher correlation to one another. This means that there is no need to purify the scale further.

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
In general, counterfeit products are: -bad: good	13,20	54,986	,841	,926
In general, counterfeit products are: -undesirable: desirable	13,29	55,964	,833	,927
In general, counterfeit products are: -dislike: like	13,44	55,595	,878	,919
In general, counterfeit products are: -unfavorable: favorable	13,37	55,712	,826	,928
In general, counterfeit products are: -negative: positive	13,69	57,990	,816	,930

Figure 4. Attitude towards Counterfeit Consumption Scale

2.3.2 Correlational analyses

To test the relationship between the measured variables, a correlational analysis was conducted. Results show that the correlation was not significant between indulgence and attitude towards counterfeit products ($r = 0.03, p = 0.77$), indulgence and perceived importance of social judgment ($r = 0.15, p = 0.11$), and indulgence and counterfeit use as a norm ($r = -0.08, p = 0.40$). On the other hand, attitude towards counterfeit products is positively correlated with perceived importance of social judgment ($r = 0.29, p = 0.002$) as well as with counterfeit as social norm ($r = 0.285, p = 0.003$). Further, perceived importance of social judgment is positively correlated with counterfeit as social norm ($r = 0.325, p = 0.001$).

(Please refer to Appendix I for the detailed statistical output.)

Discussion of correlational analyses

Results from correlational analysis show that higher perceived importance of social judgment appeared to be linked to more positive attitudes towards counterfeit products. This seems to be counter-intuitive, as using counterfeit might be perceived as inauthentic. This might be the case due to the signaling function of luxury, even though not real, products/brands. In other words, if social judgment plays an important role to an individual, this might motivate him/her to purchase products with luxury status, albeit it is not real. Similarly, the extent to which counterfeit consumption is perceived as a norm is positively linked with attitude towards counterfeit products. This is expected since attitude improves as the use of counterfeit becomes more acceptable by the society.

Correlational analyses provided preliminary insight on how indulgence (versus constraints), perceived importance of social judgment, perception that counterfeit is a norm, and attitude towards the use of counterfeit products relate to each other. However, a full model with all the variables is needed to test the hypothesis that indulgence (versus constraint) might influence attitude towards counterfeit products through the perceived importance of social judgment. Thus, a mediation analysis is conducted and presented below.

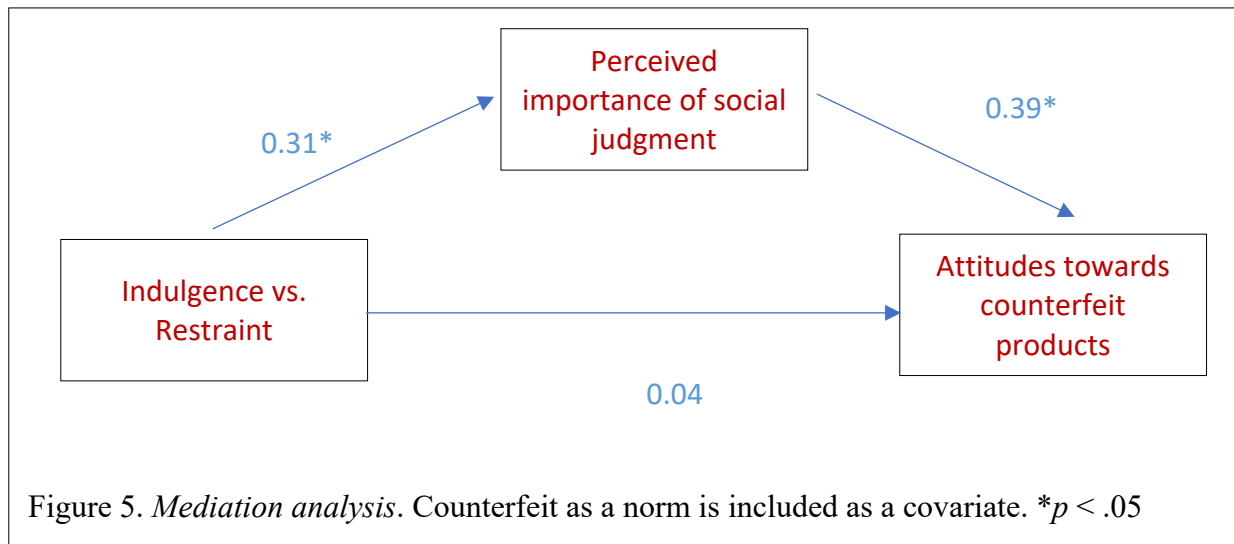
2.3.3 Mediation analysis

I conducted a mediation analysis using Hayes' Process (Hayes, 2012) model 4, with indulgence score as the independent variable, perceived importance of social judgment as the mediator, and attitude towards counterfeit products as the dependent variable. Moreover, as mentioned above, as counterfeit as a norm is correlated to attitude towards counterfeit products, it is included as a covariate in this analysis.

Individual regression paths show that indulgence has a significant effect on perceived importance of social judgment ($\beta = 0.31, p = .048$). Indulgence in turns has a significant effect on attitude towards counterfeit products ($\beta = 0.31, p = .048$). However, the direct effect of indulgence on attitude towards counterfeit products is not significant ($\beta = 0.04, p = .89$). Similarly, the indirect effect of indulgence on attitude towards counterfeit products through perceived importance of social judgment is not significant [CI: -0.0116, 0.3193].

Counterfeit as a norm also has a significant effect on judgment ($\beta = 0.28, p = .003$) and attitude towards counterfeit products ($\beta = 0.32, p = .03$). However, the effect of indulgence on perceived importance of social judgment and subsequently the effect of perceived importance

of social judgment on attitude towards counterfeit products remained significant when controlling for counterfeit as a norm.



Discussion of mediation analysis

Mediation analysis showed that indulgence did not influence attitude towards counterfeit products directly and indirectly via perceived importance of social judgment. However, there was significant effect for individual pathways of indulgence on perceived importance of social judgment and of this judgment on attitude of counterfeit products.

3.0 General Discussion

Indulgence does not seem to drive attitude towards counterfeit products. But rather perceived importance of social judgment and counterfeit as social norms.

Based on the findings, we can deduce that there is no direct link or relationship between being indulgent or restrictive to attitudes towards counterfeit consumption in the UAE hence a

mediation, in the form of social judgement which shows a positive relationship to both, connect these two variables together. Overall, empirical research and historical precedent highlight the influence of cultural difference on the counterfeit market. Not only is this cultural structure influential, it is also vital to understanding how to combat and stop counterfeiting practices.

4.0 Managerial implications, Limitations and Future research suggestion

Scope and Limitation

This research has important limitations worth noting. Firstly, the United Arab Emirates is one of the most rarely studied countries and there is no past research conducted, in the Emirati context, with regard to Hofstede's "indulgence versus restraint" cultural dimension. Since there were no other studies that can be easily used for benchmarking, drawing conclusions posed a difficult and time-consuming challenge. Furthermore, this study involved interactions overseas. This shortcoming has been overcome however since the researcher is a resident of the UAE and through the help of close friends, family and networks, this research was able to reach an ample number of respondents. Another delimitation to the study is the fact that the UAE is home to 90% of expatriates which makes it an intimidating nation to analyze. Nonetheless it is suggested that the expat community also be studied to know if they are affecting or are affected by the consumer behavior manifested by a population like the Emiratis. Here, we can deduce whether cross-cultural intermingling can influence consumption or purchase behavior.

It should be noted that as the constructs in this research were measured in a questionnaire thus the relationship between them can only be interpreted as a correlational relationship rather than a causal relationship. Future research should use an experimental approach to test the causal effect, instead of correlation used in this research. It is suggested

that the study be conducted in other countries as well as further investigate the existence and motivations for consumption in high socio-economic societies like the UAE - whose people, or citizens rather, could afford luxury products. It would also be interesting to see if brand perception and loyalty are in any way affected by counterfeit consumers themselves who belong to high income societies.

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